

SENATE BILL REPORT

SB 5886

As Reported by Senate Committee On:
Transportation, January 29, 2014

Title: An act relating to department of transportation surplus property.

Brief Description: Concerning the sale of certain department of transportation surplus property.

Sponsors: Senators King and Eide.

Brief History:

Committee Activity: Transportation: 1/22/14, 1/29/14 [DPS].

SENATE COMMITTEE ON TRANSPORTATION

Majority Report: That Substitute Senate Bill No. 5886 be substituted therefor, and the substitute bill do pass.

Signed by Senators Eide, Co-Chair; King, Co-Chair; Hobbs, Vice Co-Chair; Fain, Budget Leadership Cabinet; Angel, Brown, Cleveland, Ericksen, Lias, Mullet, Rolfes and Sheldon.

Staff: Clint McCarthy (786-7319)

Background: Whenever the Department of Transportation (WSDOT) determines to sell surplus property, it must give public notice by publishing, on the same day for two consecutive weeks, in the legal notices and classified sections of a legal newspaper of general circulation in the area where the property to be sold is located. WSDOT must provide written notice to counties, cities, and towns with 60 days' notice of its intent to dispose of state agency land. All monies received through the sale of surplus property are deposited into the motor vehicle account.

When it is in the public interest, WSDOT may use equal value exchanges. These types of transactions exchange WSDOT land in full or as part of a consideration for land or improvements, or construction of improvements with private entities.

In order for WSDOT to approve the purchase of real property with an appraised value of \$10,000 or more, WSDOT must first publish a notice of the proposed sale in a local newspaper in the area where the property is located. The notice must include a description of the property, the selling price, the terms of the sale, and the name and address of the WSDOT employee or the the real estate broker handling the transaction. The notice also states that

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any person may, within ten days after the publication of the notice, deliver to the designated WSDOT employee or real estate broker a written offer to purchase the property for not less than 10 percent more than the negotiated sale price, subject to the same terms and conditions. The subsequent offer must not be considered unless it is accompanied by a deposit of 20 percent of the total offer price. If a subsequent offer is received, the first offeror is informed by registered or certified mail sent to the address stated in the offeror's office. The first offeror must then have ten days, from the date of mailing the notice of the increased offer, in which to file a higher offer with the designated WSDOT employee or real estate broker. After the expiration of the ten-day period, WSDOT must approve in writing the highest and best offer.

Summary of Bill: The bill as referred to committee not considered.

Summary of Bill (Recommended Substitute): The requirement for WSDOT to advertise real property auctions in the legal notices and classified sections of newspapers on the same day for two consecutive weeks is removed. WSDOT is given discretion to determine the most appropriate method for advertising the sale of surplus property. The period of time that WSDOT must give cities, towns, and counties notice of its intent to sell surplus property is reduced from 60 days to 30 days. WSDOT is prohibited from entering into equal value exchange transactions.

The requirement for WSDOT to publish a notice of proposed sale in a local newspaper in the area where the property is located is removed. The process by which an additional offeror may bid 10 percent more than the notice of proposed sale price as long as they provide a 20 percent down payment is removed.

The transportation facilities account is created in the motor vehicle fund. All revenues received by WSDOT from the sale of the following surplus property previously managed by the facilities division within WSDOT must be deposited into the account:

- safety rest areas;
- pit sites;
- capital improvements;
- waste sites;
- quarry sites; and
- maintenance facility sites.

Revenues and interest from this account may only be used for surplus property expenditures and the repair and replacement of WSDOT facilities. Monies in the account may only be spent after appropriation. Proceeds from the sale of surplus property may be withheld from being deposited into the account if they are used to fund an active highway project in the immediate area of where the surplus property is located.

EFFECT OF CHANGES MADE BY TRANSPORTATION COMMITTEE (Recommended Substitute as Passed Committee): The requirement for revenues from the sale of surplus property previously managed by the facilities division within the department is limited to safety rest areas, pit sites, capital improvements, waste sites, quarry sites, and maintenance facility sites.

Proceeds from the sale of surplus property may be withheld from being deposited into the transportation facilities account if the funds will be used on an active highway project in the immediate area of where the surplus property is located.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Proposed Substitute as Heard in Committee:
PRO: The bill will reduce staff time and advertising costs. It will expedite the process of divesting the state of public property to the private sector.

Persons Testifying: PRO: Kyle McKeon, WSDOT.